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TRADE AND DEVELOPMENT BOARD
Fortieth session
First part
Item 11 (e) of the provisional agenda

DRAFT TERMS OF REFERENCE OF THE AD HOC WORKING GROUP TO EXPLORE THE ISSUE OF STRUCTURAL ADJUSTMENT FOR THE TRANSITION TO DISARMAMENT

Note by the UNCTAD secretariat

Pursuant to General Assembly resolution 1995 (XIX), as amended, to A New Partnership for Development: the Cartagena Commitment adopted at the eighth session of the United Nations Conference on Trade and Development, to Trade and Development Board decision 399 (XXXIX), and to the agreement reached at the second part of the thirty-ninth session of the Board (cf. report of the Board, part I, section C.4, para. 2 (b)), the following terms of reference are suggested for the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament:

1. To examine issues, developments and policies in the field of structural adjustment for the transition to disarmament, the implications for the world economy of the reduction of military expenditures, and economic aspects of conversion of military capacities to civilian uses. In this context, the Ad Hoc Working Group shall:

(a) analyse, while taking into account the diversity of country situations, the short- and long-term objectives, as well as costs and benefits of structural adjustment for the transition to disarmament, including the conversion of military capacities and technologies to civilian uses, in order to promote greater efficiency in economic activities through a more effective allocation of resources;

(b) review the experience of countries with structural adjustment for the transition to disarmament, including such aspects as the macro-economic and social consequences of the reduction in military expenditures;

(c) consider factors pertinent to the design and implementation of national programmes for structural adjustment for the transition to disarmament and conversion, including the respective roles of the private sector and the State, in particular in determining the framework for conversion and the scale and pace of the process, as well as the relationship between conversion and other economic and social adjustment programmes (such

as poverty alleviation, enterprise development, privatization and human resources development, including the utilization of ex-military personnel);

(d) identify international support measures aimed at supporting developing countries and countries in transition in their national efforts to implement structural adjustment for the transition to disarmament and the conversion of military capacities to civilian uses;

(e) study the impact of disarmament and conversion on international trade and technological and financial flows, as well as on international economic co-operation in these areas;

(f) collect and disseminate statistics on those trade- and development-related aspects of disarmament and conversion for which such work is not being undertaken by other international organizations, and identify ways of improving such collection and dissemination, including the establishment of a database and an information network.

2. To elaborate, as possible guidelines for policy-makers, the basic trade and development elements that should be taken into consideration in formulating plans and programmes for structural adjustment for the transition to disarmament and conversion.

3. To serve as a forum for the presentation of national experiences regarding trade- and development-related aspects of structural adjustment programmes for the transition to disarmament and conversion, as well as for the exchange and disssemination of relevant information. In that connection, the Ad Hoc Working Group should seek from interested countries the presentation of information on their national experiences and draw on the experience and expertise of non-governmental actors, particularly military and civilian enterprises, trade unions, the academic community and non-governmental organizations and international institutions.

4. The work of the Working Group should follow a progressive sequence in accordance with paragraphs 49 to 60 of the Cartagena Commitment. In line with what is set out in the Cartagena Commitment, particularly paragraphs 18 and 47, the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries.

5. The Working Group should identify for consideration areas in which technical cooperation should be strengthened.

6. The work of the Working Group should be coordinated with that of other Committees and Working Groups.

7. The work of the Working Group should complement that of other international bodies while seeking to ensure that no duplication occurs.

8. The Working Group may recommend for the consideration of the Board the establishment of expert groups.

9. The Working Group shall, in principle, complete its work within two years. It may submit interim reports and shall submit a final report on the results of its work to the Trade and Development Board.

10. The frequency of sessions of the Working Group is to be decided by the Board in accordance with the existing procedures concerning the calendar of meetings. The duration of the sessions should be of five days or less.

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TRADE AND DEVELOPMENT BOARD

DRAFT TERMS OF REFERENCE OF THE AD HOC WORKING GROUP TO EXPLORE THE ISSUE OF STRUCTURAL ADJUSTMENT FOR THE TRANSITION TO DISARMAMENT

Pursuant to General Assembly resolution 1995 (XIX), as amended, to A New Partnership for Development: the Cartagena Commitment adopted at the eighth session of the United Nations Conference on Trade and Development, to Trade and Development Board decision 399 (XXXIX), and to the agreement reached at the second part of the thirty-ninth session of the Board (cf. report of the Board, part I, section C.4, para. 2 (b)), the following terms of reference are established by the Trade and Development Board for the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament:

1. To examine issues, developments and policies in the field of structural adjustment for the transition to disarmament, [and their implications for economic growth and development, as well as trade-and-development related aspects of conversion of military capacities] [the implications for the world economy of the reduction of military expenditures, and economic aspects of conversion of military capacities to civilian uses] [particularly with regard to militarily significant countries] [particularly with regard to countries which are major arms producers and suppliers]. In this context, the Ad Hoc Working Group shall:

(a) analyse, while taking into account the diversity of country situations, [and their legitimate regional security requirements] the short- and long-term objectives, as well as costs and benefits of structural adjustment for the transition to disarmament, [particularly in militarily significant countries] including the conversion of military capacities and technologies to civilian uses [for development] in order to promote greater efficiency in economic activities through a more effective allocation of resources;

(b) serve as a forum for the presentation and discussion of experience of countries with structural adjustment for the transition to disarmament [particularly with regard to major arms producers and suppliers], including such aspects as the macro-economic, social and environmental consequences of the reduction in military expenditures, as well as for the exchange and dissemination of relevant information. In that connection, the Ad Hoc Working Group should seek from interested countries the presentation of information on their national experiences and draw on the experience and expertise of non-governmental actors, particularly military and civilian enterprises, trade unions, the academic community and non-governmental organizations and international institutions;

(c) consider factors pertinent to the design and implementation of national programmes for structural adjustment for the transition to disarmament and conversion, including the respective roles of the private sector and the State, in particular in determining the framework for conversion and the scale and pace of the process, as well as the relationship between conversion and other economic and social adjustment programmes;

(d) identify international measures aimed at supporting developing countries and countries in transition in their national efforts to implement structural adjustment for the transition to disarmament and conversion of military capacities to civilian uses, [taking into account the legitimate regional defence requirements];

(e) study the impact of disarmament and conversion on international trade and technological and financial flows, as well as on international economic co-operation in these areas;

[(f) collect and disseminate statistics on those trade- and development-related aspects of disarmament and conversion for which such work is not being undertaken by other international organizations, and identify ways of improving such collection and dissemination, [for example, through the establishment of a database and an information network];

[(g) analyse the impact of the military industry on the international economy and on world trade].

2. To elaborate, as possible [guidelines] [advice] [suggestions] for policy-makers, the basic trade and development elements that should be taken into consideration in formulating plans and programmes for structural adjustment for the transition to disarmament and conversion.

3. The work of the Working Group should follow a progressive sequence in accordance with paragraphs 49 to 60 of the Cartagena Commitment. In line with what is set out in the Cartagena Commitment, particularly paragraphs 18 and 47, the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries.

4. The Working Group should identify for consideration areas in which technical cooperation is possible.

5. The work of the Working Group should be coordinated with that of other Committees and Working Groups.

6. The work of the Working Group should complement that of other international bodies while seeking to ensure that no duplication occurs.

7. The Working Group shall, in principle, complete its work within two years. It may submit interim reports and shall submit a final report on the results of its work to the Trade and Development Board.

8. The frequency of sessions of the Working Group is to be decided by the Board in accordance with the existing procedures concerning the calendar of meetings. The duration of the sessions should be of five days or less.

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TRADE AND DEVELOPMENT BOARD

DRAFT STATEMENT OF THE CHAIRMAN OF THE INFORMAL CONSULTATIONS ON THE DRAFT TERMS OF REFERENCE OF THE AD HOC WORKING GROUP TO EXPLORE THE ISSUE OF STRUCTURAL ADJUSTMENT FOR THE TRANSITION TO DISARMAMENT

1. Pursuant to Trade and Development Board decision 399(XXXIX), informal consultations were held on 30 September and on 11 and 12 November 1993 with regard to the terms of reference of the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament. These consultations were chaired by H.E. Ambassador Gündüz Aktan (Turkey), President of the thirty-ninth session of the Trade and Development Board.

2. In the course of those consultations a number of understandings were reached relating to the background of the Ad Hoc Working Group's proposed activities, and to the framework within which its mandate would be implemented.

3. It was recognized that issues related to the determination of the size and character of military expenditure of any individual country remained outside the scope of the Ad Hoc Working Group's mandate, and would continue to be determined by governments in the light of their perceptions of national, regional and global security requirements. The purpose of the Working Group was to allow those countries that had already decided to reduce arms expenditures to examine together the various issues that will determine the net economic benefits from such a course of action, and allow those other countries that so wish to be privy to the discussion of the economic costs and benefits of various approaches to issues in this area. In this connection, it was recalled that participation in Ad Hoc Working Groups was not mandatory, and it was understood that the situation of a country not participating in this Group would not be examined, and that the experiences of countries participating in the Group would be examined only with the concurrence and active collaboration of the country concerned.

4. It was further recognized that there were considerable differences in the situations faced by individual countries, with both problems and opportunities confronting militarily significant countries being relatively large, and therefore necessarily taking on greater importance. In addition, it was considered that a proper balance between the national and international dimensions of the issues being considered should be maintained, and that possible opportunities to enhance international cooperation for development should be constantly borne in mind.

5. The members of the Board participating in the informal consultations have taken note of this statement, and agree that it can serve as an authoritative guide to the understanding and implementation of the terms of reference to be agreed by the Trade and Development Board.

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